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During the first half of this century, private support of higher education was generally the domain of the private institution. Following World War II, a number of major public institutions also became aware that it would be necessary to compete for funds from the private sector in order to continue to attract quality faculty and students and to implement specialized programs.

Throughout its history, Western Kentucky University has been alert to private giving opportunities. The College Heights Foundation has been actively obtaining support for student aid purposes; the Alumni Association has sought gift support from alumni and others; the Kentucky Museum has encouraged and received gifts-in-kind from alumni and friends and intends to become more active by establishing a Museum Advisory Council; the Bowling Green College of Business Administration has instituted an associates membership program among the alumni of the college; the Agriculture and Chemistry Departments in the Ogden College of Science and Technology have organized advisory councils of alumni and friends to generate advice and support from the private sector; and the university's new radio station, WKYU, proposes to organize an advisory council of business leaders, alumni, and friends to help provide quality public service and to seek financial support from its listening community.

Today, a major percentage of all state colleges and universities has initiated programs to attract private support from alumni, non-alumni individuals, corporations, foundations, and other institutions. During the Eighties, this trend will accelerate.

Not all universities, however, have realized the potential that private support holds in store for them. There are only two kinds of support that universities can acquire--unrestricted and restricted giving. To succeed in attracting either, whether in the form of large single gifts or many small contributions, requires not only the implementation of sound fund-raising practices, but also a commitment to institutional planning.

I. THE FIRST STEP

In order to effectuate sound planning so that fund-raising potential can be met, a partnership must exist between those who govern and those who administer an institution. An institutional plan for the future is required, calling for measured growth and increased quality in programs that provide overall excellence, since it is apparent that state government can offer only basic educational support. To achieve this objective, difficult decisions have to be made concerning what educational projects should have fund-raising priority, what academic areas need to be stressed, and to what extent limited financial resources should be budgeted for institutional development.

Those institutions, both private and public, that have achieved the greatest success in attracting support have done so by identifying and marketing their academic, research, and public service "strengths." But to be successful, such an internal exercise should also be realistic and pragmatic in order for an institution to compete successfully in the fund-raising market.

II. WHAT DEVELOPMENT ENTAILS

Many people believe that development is simply the obtaining of gifts or grants--and they're right. However, this end result is but the tip of the iceberg; the critical mass is unseen.

In addition to commitment, projects, and budgeting, a sound development program must utilize proven techniques to bring about the desired end result. These are: (1) identification of prospects; (2) transmitting of prospect information, (3) involvement and cultivation of prospects, (4) solicitation of prospects, and (5) continuing cultivation of prospects who become donors. These essential stages describe where a development office budget is expended.

Although it is a truism that it takes money to make money, a study by John W. Leslie, President of Institutional Advancement Consultants, shows the following statistics on fund-raising results and costs:

State Universities

Gift Income Range	Median *I.A.P. Budget	Median Cents Cost Per Dollar
$5,000,000 to $25,000,000	$1,250,000	10¢ - 14¢
1,000,000 to 5,000,000	650,000	25 - 29
500,000 to 1,000,000	300,000	39 - 40

*Institutional Advancement Program (includes alumni, development, and public service.)

III. WHERE THE MONEY IS--PROGRAMS

Utilizing proven research, information, cultivation, solicitation, and follow-up techniques, it is proposed that Western Kentucky University initiate a full-service development program aimed at seeking cash gifts from alumni, friends, corporations, and foundations, and deferred gifts in the form of bequests, living and testamentary trusts, and life insurance.

Alumni Giving - The keystone of any successful development activity is alumni giving, a program designed to attract both restricted and unrestricted gifts annually. This program generally attracts a quantity of gifts ranging in size from $5 to $1,000, averaging out around $20 to $40 each. Although individual gifts are mostly small, the entire program is exceedingly important because (1) it generates the bulk of unrestricted, discretionary funds, (2) it provides all alumni the opportunity to participate, (3) it is basic to soliciting gifts from major corporations, and (4) it is a preliminary step in upgrading alumni donors from modest to more generous levels.

The techniques used in this program are direct mail appeals, telethons, personal solicitations, and gift clubs. While the implementation of annual giving appeals is fairly expensive compared to the dollar return, it is an essential investment in terms of potential.

Non-alumni Giving - Many individuals who never attended Western Kentucky University have formed a close alliance with the university and would welcome the opportunity to participate as donors. These individuals generally prefer to support selected academic areas--memorial scholarships, athletics, or the like. Some are in the position to assume leadership roles in the university's development program and will accept such assignments if properly cultivated and recruited. Selected non-alumni can also be in the position to make important contributions notonly financially but also by identifying and helping to approach key individuals and corporate prospects.

Major Individual Giving - While Western has had limited involvement with a major gift program in the past (the athletic department's Hundred Club), this kind of program should be complemented with a university-wide society to encourage gifts of $10,000 and up. The existence of major gift clubs and societies, each designed to accomplish specific fund-raising missions, should be able to enhance fund-raising progress at Western, provided appropriate staff and resources can be assigned to it.

Apart from the establishment of major gift organizations, Western has the potential to encourage substantial gifts from individuals through the creation of endowed chairs, distinguished professorships and visiting professorships, lectureships, fellowships, and buildings for special purposes, as well as outright gifts for other academic projects.

To develop this potentially valuable program, it is of utmost importance to utilize appropriate research and cultivation techniques together with involvement by the President, selected administrators, deans, and appropriate faculty.

Corporate and Foundation Support - Capitalizing on the educational and research expertise which exists in various colleges and divisions, Western Kentucky University should position itself to present proposals for support to state and national corporations, corporate foundations, and family foundations.

Most corporations and foundations are interested in proposals that appeal to specifically stated purposes. Support for general purposes or for buildings is not usually provided.

With its present administrative and academic leadership, Western is in an excellent position to cultivate corporate leadership, inform the leadership of the key strengths of the university, involve them in university affairs, and generate opportunities for corporations and foundations to provide financial support.

College and Departmental Programs - Because many alumni and friends prefer to affiliate with a particular college or division rather than the institution as a whole, it is important for Western to establish organized development programs in selected colleges and departments. Each divisional fund-raising program is a microcosm of the general university development program. Key alumni and friends need to be identified, cultivated, and recruited to serve on committees. Opportunities for support need to be identified and promoted, and gifts of all sizes should be sought.

Deferred or Planned Gift Programs - This is perhaps the area of development that offers the greatest potential for major private funding. Once a deferred gift program has been functioning over a period of time, its results begin to show through the receipt of bequests, testamentary trusts, gifts of property, or through the realization of monies from living trusts whose contracts have been fulfilled.

Through bequests, life insurance, testamentary trusts, living trusts, and other such gifts, this program offers tax and estate benefits that can be enormously attractive to prospective donors in fairly high income brackets. (For more details, see Appendix A.) The potential of this program is so considerable that it should be an important part of Western's total development activity, even though it does not generally provide immediate cash benefits.

IV. THE VOLUNTEER ORGANIZATION

Few institutional development programs can function effectively, meet their full potential, or truly excel without an effective volunteer organization to provide leadership, field assistance, and financial and moral support.

There are two basic types of volunteer leadership organizations functioning in state universities. One is an independent foundation board that receives and administers gifts separate from the institution; the other is an integral part of the university itself. In either case, the board members volunteer their services and generally receive no compensation.

Either way, the key volunteer board or council provides leadership and presumably direct assistance in the fund-raising quest. It also lends a focus so that prospective donors can feel assured that a group of dedicated, successful individuals from outside the university are involved in the stewardship process.

But the key volunteer leadership role should not be confined solely to the campus. There are many prominent individuals in the professions and industry who, if properly encouraged, would prefer to serve a specific academic area because of personal or professional interests. Since key volunteer involvement is vital to the university, opportunities at the college or division level should be created to facilitate this mode of service.

In fact, virtually every area of institutional development provides an opportunity to involve lay leadership in the university. The critical issue here is "involvement," and the development policy of the university should accommodate it. A major corollary issue is "coordination." As the university launches a variety of necessary development programs, it will be essential for university development policy to provide for effective staff and volunteer coordination.

In summary, the most important, overriding factor in the key volunteer process is involvement, because only through meaningful involvement can the maximum number of influential alumni and friends who truly identify with Western be persuaded to serve and enhance its mission.

V. POLICIES AND PROCEDURES--UNIVERSITY DEVELOPMENT

To facilitate fund-raising and general university development programs among alumni and friends, it is essential to develop policies and procedures to assure donors that: (1) gifts can be made for restricted and unrestricted purposes; (2) gifts cannot be used for any purpose other than that determined by the donor; (3) gifts are to be transmitted to a receiving agent--the Development Office--for handling, deposit, and acknowledgement within 48 hours; (4) fund-raising and related development programs on campus are coordinated to avoid duplication and over-lapping of appeals; (5) fund-raising campaigns and special project appeals will be reviewed by the Development Office and approved in advance by the President; (6) gifts to Western Kentucky University will be officially accepted only by the Board of Regents; (7) prospect list of alumni and friends can be used for university purposes only; (8) gifts in trust (endowment funds) will require a certain minimum amount before they can be accepted, and guidelines must exist concerning how they are to be managed/invested; (9) the Business Office of the university has the direct responsibility for accountability and reporting of university gift funds; and (10) guidelines are available for endowing chairs, professorships, visiting professorships, lectureships, naming of buildings, and other academic support programs.

RECOMMENDATIONS

Based on the observations made in this document and in order to implement an effective development program for Western Kentucky University, the following is proposed:

PLANNING

Recommendation I

A plan for institutional development be prepared which defines the university's mission, describes its strengths, and explains its needs.

Procedures

1. A planning committee be appointed consisting of the President, selected administrators, deans, faculty, and key alumni to help draft the plan and identify short- and long-term projects.
2. A priority list of annual and special gift projects be prepared which reflects university-wide and divisional needs.
3. A brochure be printed and slide film presentation produced with involvement and participation of the Office of Public Information dramatizing Western's mission and describing its development program.

Recommendation II

A high-level volunteer Steering Committee be appointed by the President to review and approve the role and scope of key volunteers in the area of fund raising; help identify, screen, and enlist prospective fund-raising leaders; and advise and counsel the President on institutional development.

Procedures

1. No more than five prominent alumni or friends in business and the

professions be identified and enlisted to serve on the Steering Committee.

2. The Steering Committee be established as an ad hoc organization.

Recommendation III

Data processing procedures be developed by the Alumni and Development Offices and appropriate sorting, addressing, and mailing equipment be provided by the university to facilitate all external and internal promotional and solicitation activities.

ALUMNI GIVING (Gifts up to $1,000)

Recommendation IV

An alumni giving campaign be launched at the onset of 1981 which would be conducted on an annual basis and would consist of direct mail, telethons, and personal solicitation.

Procedures

1. Three general direct mail appeals be scheduled to 30,000 alumni each year in February-March, May-June, and November-December.
2. One or two personally prepared donor renewal appeals be scheduled at appropriate times each year.
3. Selective gift clubs be organized to enlist and recognize donors of $100, $250, and $500 and appropriate literature prepared.
4. A series of alumni telethons be scheduled through alumni clubs annually, utilizing the services of the Alumni Association staff to obtain gifts and pledges for Western Kentucky University in cooperation with the Development Office.

Recommendation V

The Alumni Association render services to both the alumni and Western Kentucky University by seeking dues to support the Alumni Association and alumni gifts to support the university.

Procedures

1. The Alumni Association seek support for itself solely in the form of annual and life membership dues.
2. The Alumnus Magazine be funded entirely by the Alumni Association and be distributed to alumni who are annual or lifetime dues-paying members of the Alumni Association.
3. All proposals involving the Alumni Association be approved by the Alumni Association Board of Directors.
4. A staff member from the Alumni office be designated to work in the area of alumni giving with coordination through the Development Office.

Recommendation VI

A student organization be formed on campus to acquaint students with the role of the Development Office and the need for alumni support and to conduct approved promotional and fund-raising activities aimed at alumni and friends.

Procedure

1. A staff member on campus who works with student organizations be assigned the function of organizing and implementing approved student fund-raising activities with coordination from the Development Office.

NON-ALUMNI GIVING

Recommendation VII

Non-alumni be invited to participate in special gifts, corporate, divisional, and campus-wide committees and councils to cultivate their interest in Western.

Procedure

1. Selected non-alumni be identified and invited by the President to serve specific areas of the university--athletics, academics, etc.--which research indicates would attract them.

MAJOR INDIVIDUAL GIVING (Gifts of $10,000 and Up)

Recommendation VIII

A major gift society be established to attract and recognize donors of $10,000 and up, payable at the minimum rate of $1,000 annually.

Procedures

1. A plan of organization, together with bylaws, be developed for the proposed major gift society.
2. A volunteer leadership group be recruited, in concert with and as a part of a greater Western Kentucky University development organization, to spearhead the proposed special gift society.
3. A major brochure be prepared to describe the purpose and goals of the proposed major gift society.
4. A list of major gift prospects be compiled, and added to regularly, which would constitute the source of memberships for the proposed

major gift society, as well as a source for other special gift projects.

5. A membership campaign consisting of appropriate mail and personal contacts be conducted annually.
6. An annual event be held to recognize society membership and to attract new members.

Recommendation IX

Specially drafted major gift proposals be submitted to selected prospects for endowed chairs, permanent and visiting professorships, and other special projects in accord with the official priority list of projects approved by the university.

Procedure

1. All major gift proposals to individuals be submitted to the Development Office in advance for approval by the President.

CORPORATE AND FOUNDATION GIVING

Recommendation X

A program of corporate and foundation cultivation and solicitation be established as a part of a greater Western Kentucky University development organization.

Procedures

1. A program of corporate roundtable meetings between the President or other selected university representatives and chief executive offices of major corporations in Kentucky be conducted regularly to discuss the university's mission, promote its key strengths,

cultivate bonds of mutual interest, and solicit financial support.

2. A list of corporate and financial, state and national prospects be compiled which would include areas of charitable interests and university relationships.
3. A program of Corporate Associates be established to solicit and recognize gifts for Western Kentucky University.
4. The Development Office act as a clearinghouse for information concerning corporate or family foundation gift support.
5. A corporate matching gift solicitation activity be implemented among Western Kentucky University alumni.
6. All corporate and foundation solicitations be submitted in advance to the Development Office for approval by the President.
7. A staff member from the Office of Public Affairs be designated to work in the corporate and foundation area with coordination from the Development Office.

COLLEGE AND DEPARTMENTAL PROGRAMS

Recommendation XI

An organized development program be established in all participating colleges and selected departments on campus.

Procedures

1. An Alumni Development Committee consisting of key divisional alumni and friends shall be organized for all participating colleges and departments.
2. Each Alumni Development Committee shall become informed about divisional programs, provide advice and counsel for deans and

faculty, and assist in raising funds for the division.

3. A representative of every Alumni Development Committee shall represent the participating college or department as a member of a greater Western Kentucky University development organization.
4. The deans or directors of participating units shall help identify, recruit, inform, and motivate their organizational leaders, members, and prospective key donors.
5. Each participating college or department shall provide faculty or staff assistance to manage and conduct the activities of its respective organization with coordination provided by the Development Office.
6. Costs for operating the activities of the college and departmental development programs shall be borne largely by the participating unit.
7. All college campaigns, special project drives, or special gift solicitation shall be reviewed in advance by the Development Office and approved by the President.
8. Any personnel employed by the Development Office and assigned to a college or department shall report to the Director of Development.

Recommendation XII

Athletic fund-raising activities shall be supervised by the Development Office with close working cooperation provided by the Director of Athletics.

Procedures

1. A staff person shall be identified and assigned full-time to athletic fund raising.

2. Support for this position shall be provided from non-state funds.

PLANNED AND DEFERRED GIVING

Recommendation XIII

A planned gift program be initiated to encourage the receipt of bequests, life insurance, living and testamentary trusts, and gifts in kind.

Procedures

1. Unitrust, pooled income, and other appropriate planned gift programs be made available to qualified prospective donors.
2. A Planned Gift Committee consisting of key law, banking, and insurance alumni and friends be formed to act in concert with and be a part of the greater Western Kentucky University development organization.
3. The Western Kentucky University Development Office shall be the principal vehicle engaged in the promotion and solicitation of planned and deferred gifts for Western Kentucky University.
4. A list of planned and deferred gift prospects be compiled and appropriate gift literature created.
5. The services of an appropriate private firm be engaged to help the Development Office prepare communications and devise tax, seminar, and donor cultivation activities.

ORGANIZATIONAL PROCESS

Recommendation XIV

A greater Western Kentucky University Development Council consisting of key alumni and friends in business and the professions be organized to counsel the President and serve the university in all areas of development.

The role and scope of this volunteer body shall be determined and its function defined in accord with the recommendations of the Steering Committee.

Procedures

1. Development Council members shall include a representative from each campus divisional alumni development committee, the corporate and foundation council, the Alumni Association, and the College Heights Foundation Board. The President, Vice President for Business Affairs, and the Director of Development shall also be members, together with a student and faculty representative. Membership shall not exceed fifty.
2. The Development Council shall meet twice annually; a ten-member Executive Committee shall conduct the affairs of the Council between meetings.
3. The original chairman of the Development Council shall be nominated by the President of the university and the appointment approved by the Board of Regents.
4. The original members of the Development Council shall be nominated by the President and their appointments approved by the Board of Regents.
5. Subsequent chairmen and members shall be nominated by the members of the Development Council and invited to serve by the President.

POLICIES

Recommendation XV

Policies shall be devised and procedures implemented to coordinate all fund-raising programs and to control duplication of efforts.

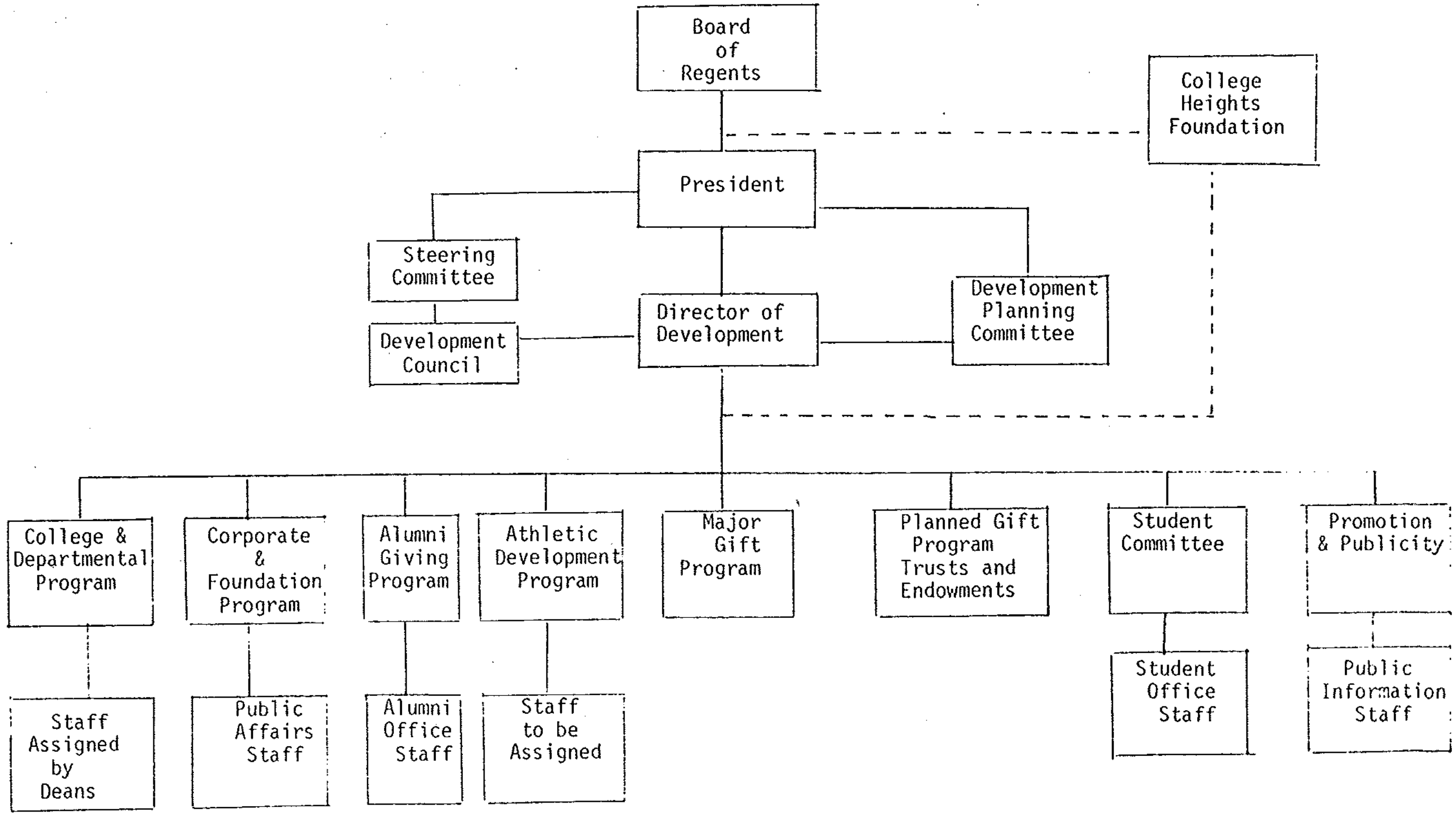
Procedures

1. A policy and procedure be devised assuring equitable representation of key volunteer fund-raising leaders in the management of gift funds.
2. A policy shall be devised assuring that alumni lists be utilized exclusively for university-related purposes.
3. A policy shall be devised and procedures implemented to assure that all fund-raising organizations, campaigns, and major gift solicitations are approved in advance by the President.
4. A policy shall be designed and procedures instituted governing the establishment of unitrusts, pooled income funds, and annuity trusts, and the receipt and disposition of gifts of securities, property, and other kinds of non-cash gifts.
5. An official university receipt for gifts to the university shall be devised and mailed to all donors together with other appropriate acknowledgements.
6. All gifts of $100 and up shall be acknowledged by the President.
7. All officially accepted gifts shall be used by the university in accordance with the wishes of the donor.
8. An institutional development handbook shall be prepared consisting of appropriate policies and procedures governing the solicitation, receipt, acknowledgement, and processing of gifts to Western Kentucky University.

PRELIMINARY ORGANIZATION CHART

INSTITUTIONAL DEVELOPMENT

WESTERN KENTUCKY UNIVERSITY



TIMETABLE

1980-1981

PHASE I

October 1 - December 31

Planning and Organization

- Complete and approve development plan -	November 1
- Appoint Project Planning Committee -	November 10
- Recruit Development Steering Committee -	December 15

Alumni Giving

- Draft and approve first alumni "kick-off" general appeal -	December 1
- Assign staff to alumni giving program -	December 1
- Assign staff to student relations program -	December 1
- Assign Office of Public Information staff person to develop publicity and promotional materials -	December 1
- Develop alumni telethon plan -	December 30
- Draft guidelines for under $1,000 gift clubs -	December 30

Major Individual Giving

- Draft preliminary organization plan and bylaws for $10,000 gift society -	December 30
- Prepare preliminary copy for major gift society brochure -	December 30

Corporate and Foundation Giving

- Assign a staff person to corporate giving program -	December 1
- Develop a plan to establish corporate roundtable meetings -	December 20
- Develop corporate cultivation list -	December 31

College and Departmental Programs

- Identify and recruit individuals to serve on Advisory Council for Kentucky Museum and hold first meeting -	October 1 - December 1
- Identify and recruit individuals to serve on Advisory Council for the new FM radio station (WKYU) and hold first meeting -	October 1 - December 1
- Identify and recruit individuals to serve on alumni development committees in participating colleges and departments -	December 1
- Assign staff person to athletic fund-raising program -	December 15

Policies and Procedures

- Draft preliminary institutional development handbook covering solicitation, receipt, acknowledgement and processing of gifts -	December 30

PHASE II

January 1 - March 31

Planning and Organization

- Conduct Development Steering Committee meeting -	January 15 - March 15
- Conduct Project Planning Committee meeting -	January 15 - February 15

Alumni Giving

- Schedule selected telethons in alumni chapters and draft telethon materials -	January 30 - February 15
- Complete and approve under $1,000 gift club guidelines -	February 15
- Draft and approve second alumni giving appeal -	February 15
- Mail out first alumni "kick-off" appeal -	March 15 - 25

Major Individual Giving

- Complete major gift society organization plan and bylaws -	February 1
- Complete major gift society brochure copy -	February 15
- Begin compiling prospect list for major gift society -	March 15

Corporate and Foundation Giving

- Conduct two "pilot" corporate roundtable meetings in Kentucky -	January 15 - February 28

College and Departmental Programs

- Conduct meeting of Kentucky Museum Advisory Council -	January 15 - February 15
- Conduct meeting of Advisory Committee for WKYU-FM station -	January 15 - February 15
- Conduct initial Alumni-Development Committee meeting for participating colleges and departments -	January 1 - March 15
- Develop and approve plan for athletic fund raising -	January 15 - February 15

Policies

- Complete and obtain approval for institutional development policy and procedures handbook -	March 1

PHASE III

April 1 - June 30

Planning and Organization

- Submit report of Steering Committee to President and implement recommendations	April 15 - May 1
- Submit Project Planning Committee recommendation to President -	April 30
- Draft copy for "Case" brochure and initiate slide presentation describing Western's mission and project needs -	June 1

Alumni Giving

- Conduct "pilot" telethons in selected alumni association chapters -	April 1 - June 1
- Draft under $1,000 club literature -	April 1
- Mail out second general alumni appeal -	May 15

Major Individual Giving

- Complete preliminary prospect list for major gift society -	June 1

Corporate and Foundation Giving

- Conduct two corporate roundtable meetings in Kentucky -	April 1 - May 15

College and Departmental Programs

- Initiate development recommendations for Kentucky Museum	April 1
- Initiate development recommendations for WKYU-FM station -	April 1

- Conduct direct mail and field solicitation activities for athletic fund raising -	April 1 - June 1
- Draft development plan of action for participating colleges and departments as endorsed by alumni-development committees -	April 1 - April 30

Policies and Procedures

- Implement policies and procedures for gift receiving, acknowledging, processing and reporting -	April 1
- Print and distribute copies of institutional development handbooks to deans, directors, and department heads -	April 15

WESTERN KENTUCKY UNIVERSITY

CHARITABLE REMAINDER UNITRUST GIFT[1]

(TWO LIVES)

This CHARITABLE REMAINDER UNITRUST GIFT is made and entered into in duplicate this ____________ day of ________________________________, 19_____, between ________________________________ of ________________ County of ________________________, State of ________________________ (hereinafter called the "Donor") and the Board of Regents of Western Kentucky University, a public corporation duly existing under the laws of the Commonwealth of Kentucky, (hereinafter called the "University").

1. ACKNOWLEDGEMENT OF GIFT. The University acknowledges receipt of the property listed on Exhibit A attached hereto as an irrevocable gift from the Donor, which property and all additions thereto shall be held, administered, and distributed in trust as follows:

2. NAME OF GIFT. This gift shall be designated on the books and records of the University as the ____ Fund.

3. TRUST INVESTMENTS. (Description of trust objectives.) For example: The University shall retain the shares of stock described in Exhibit A for so long as the trust shall continue or until such time as said shares are redeemed by the corporation issuing the shares or exchanged for other securities pursuant to a reorganization of the issuing corporation. In the event such shares are so redeemed or exchanged, the University may invest or reinvest the trust assets in accordance with the powers specified in paragraph 17 of this trust. The University shall incur no liability to the Donor or any other person for its actions pursuant to the directions in the paragraph.

4. ADDITIONAL CONTRIBUTIONS. The Donor or any person may at any time make additional contributions to the trust by deed, gift, or will with the consent of the University.

5. PAYMENT TO BENEFICIARIES. (Insert rate of return and payment intervals.) For example: During the lifetime of the Donor, but not less than annually in any event, the University shall pay to the Donor the amount of the trust income to the extent such amount does not exceed six percent (6) of the net fair market value of the trust assets determined annually. If the Donor's wife, ________________________________, survives the Donor, said amount shall be paid to her during her lifetime.

Except in the case of a short taxable year, the amount required to be distributed above shall be paid to the Donor or the Donor's wife during each taxable year of the trust prior to the death of the survivor of the Donor and the Donor's wife. The obligation of the University to make payments to the Donor hereunder shall terminate with the payment next preceding the death of the Donor. If the Donor's wife survives the Donor, then the obligation of the University to make payments to her shall begin with the next payment after the Donor's death and shall terminate with the payment next preceding her death.

6. PRORATION FOR SHORT TAXABLE YEAR. In the case of a taxable year which is for a period of less than 12 months, the amount required to be distributed under paragraph 5 shall be the fraction of such percentage of which the numerator is the number of days in the short taxable year of the trust and of which the denominator is 365 (366 if February 29 is a day included in the numerator.)

[1]This is an example only. Unitrust agreements are tailormade for each donor.

7. PRORATION FOR ADDITIONAL CONTRIBUTIONS. For the purposes of the taxable year of the trust in which an additional contribution is made, "net fair market value of the trust assets" under paragraph 5 shall be deemed to be the sum of (a) the net fair market value of the trust's assets, excluding the additional property as of the valuation date including income from and any appreciation on the additional property and (b) that proportion of the value of the additional property that was excluded under (a) which the number of days (including the day of transfer) remaining in the taxable year of the trust bears to be total number of days in that taxable year of the trust. In the case where there is no valuation date after the time of contribution the additional property shall be valued at the time of contribution.

8. TAXABLE YEAR. The taxable year of this trust shall be the calendar year.

9. VALUATION DATE. The trust assets, including additional contributions, shall be valued on the last business day of the first month of the taxable year. Except as provided in 7 above if no valuation date occurs before the end of any taxable year of the trust, assets shall be valued on the last day of the taxable year of the trust.

10. METHOD OF VALUATION. In computing the net fair market value of the trust assets, there shall be taken into account all accrued assets and accrued liabilities.

11. INCORRECT VALUATION. In the case where the net fair market value of the trust assets is incorrectly determined within a reasonable period after the final determination of such value, the University shall pay to the Donor or the Donor's wife, as the case may be, in the case of an undervaluation, or the Donor or the Donor's wife, as the case may be, shall repay to the University in the case of an overvaluation, an amount equal to the difference between the amount which the trust should have paid if the correct value were used and the amount which the trust actually paid.

12. DEFINITION OF INCOME. For the purposes of this trust, the term "income" has the same meaning as it does under Section ______________ of the Internal Revenue Code and regulations thereunder. The following shall be treated as principal and not as "income":

(a) Gains and losses from the sale, exchange, redemption, or other disposition of investments;

(b) Stock dividends, stock splits, or similar distributions;

(c) Capital gain dividends of regulated investment companies (mutual funds)

(d) Liquidating distributions.

If interest-bearing securities are acquired at a premium over par or other stated value, the premium shall be amortized from income so as to restore the premium to principal.

13. USE AFTER DEATH OF BENEFICIARIES. (Insert purpose for which remainder is to be used.) For example: Upon the death of the survivor of the Donor and the Donor's wife, the trust assets shall be irrevocably transferred to the University for the benefit of the ________________________________ of the University as determined by its principal administrative officer.

14. REQUIRED CHARITABLE USE. In the event the University is not an organization described in ________________________ of the said Code at the time when any amount is to be irrevocably transferred to the University, such amount shall be transferred to or for the use of an organization or organizations which are described in the said ___________________ or retained for such use.

15. GOVERNING LAW. It is the intention of the Donor and the University in executing this agreement, to create a Charitable Remainder Unitrust within the meaning of ______________________ of said Code and the regulations thereunder.

All provisions hereof should be interpreted in a manner consistent with the regulations and rulings promulgated by the Internal Revenue Service with respect thereto. Otherwise, this instrument shall be governed by the laws of the Commonwealth of Kentucky, and is expressly made subject to the provisions of ______________________________ of the Commonwealth of Kentucky.

16. LIMITED POWER TO AMEND. The University shall have power, acting alone, to amend this agreement in any manner necessary for the sole purpose of insuring that the agreement qualifies as a Charitable Remainder Unitrust. However, no person shall have the power to invade, alter, amend, or revoke this trust for the beneficial use of a person other than an organization described in ______________________________ of said Code.

17. TRUSTEE'S POWERS. In addition to other powers conferred on it by law and other provisions of this trust and subject to the provisions of paragraph 4, the University shall have the power:

1. To lease for any period, sell, transfer, and convey any real and personal property upon such terms and in such manner and for such prices as to it shall seem meet and proper.

2. To invest and reinvest all and every part of the fund in accordance with the policy of the Board of Regents from time to time for the investment of the University funds. Such funds may be invested in any type of securities whether or not they are of the type or amount in which trustees are customarily allowed to invest.

3. To invest surplus income funds in the same manner as principal funds, provided that any such investments shall be such that they will be readily available when needed for the purposes herein provided.

4. To exercise all rights and privileges with relation to any securities at any time held as part of the fund, including, but not by way of limitation, the right to carry the same in the registered name of a nominee of the University, and to exercise conversion, subscription and voting rights, and to grant proxies, discretionary or otherwise.

5. To make disbursements from the fund for the protection, improvement or preservation of any of the property constituting the fund and for the management of the fund generally, including but without limitation, the cost of insuring securities in transit, and reasonable fees for investment advice and for holding in custody and in safekeeping for the University the securities of the fund.

18. TRUSTEE COMPENSATION AND BOND. The University shall not receive any compensation for services rendered under this agreement. No bond or security shall be required of the University.

19. EFFECTIVE DATE. This agreement shall be effective only upon execution by the University at its offices in Bowling Green, Kentucky.

IN WITNESS WHEREOF, the parties have set their hands and seals hereto in duplicate the day, month, and year hereinabove first written.

____
Donor

BOARD OF REGENTS, WESTERN KENTUCKY
UNIVERSITY, TRUSTEE

by______________________________
Vice President for
Business Affairs

WESTERN KENTUCKY UNIVERSITY

POOLED INCOME TRUST FUND[1]

WHEREAS the Board of Regents of Western Kentucky University, herein referred to as "The University," is a public corporation existing under the laws of the Commonwealth of Kentucky and is an organization described in section ____ ; and

WHEREAS from time to time individuals desire to make gifts of property to the University and to retain an income interest therein for the life of one or more beneficiaries; and

WHEREAS the University wishes to encourage such gifts to it and to that end to establish a pooled income trust fund pursuant to the provisions of section ______________________________, herein referred to as "the code," and regulations interpreting that section.

Now therefore the University hereby declares that from the date of this instrument it holds the property described in Schedule A, attached hereto and by this reference made a part hereof, and any additional property transferred to the University pursuant to an instrument of transfer described in Schedule B, attached hereto, in trust for the following uses and purposes:

1. NAME OF TRUST. This fund shall be known as the WESTERN KENTUCKY UNIVERSITY POOLED INCOME TRUST FUND and is hereafter referred to for convenience as "the pooled fund."

2. IRREVOCABLE REMAINDER TO THE UNIVERSITY. Each donor transferring property to the pooled fund shall contribute an irrevocable remainder interest in such property to Western Kentucky University as specified in the instrument of transfer in the form designated in Schedule B.

3. DESIGNATION OF INCOME BENEFICIARIES. Each donor transferring property to the pooled fund shall retain for himself an income interest or create an income interest for the life of one or more named beneficiaries living at the time of the transfer of the property to the pooled fund by the donor. In the event more than one beneficiary of an income interest is designated such beneficiaries may enjoy their shares of income concurrently, consecutively, or both concurrently and consecutively. The donor shall designate in the instrument of transfer, attached hereto as Schedule B, the names of the beneficiary or beneficiaries of income interests and the term or terms of the income interest or interests.

4. COMMINGLING OF PROPERTY. The property transferred to the pooled fund by each donor shall be commingled with, and invested or reinvested with, other property transferred to the pooled fund by other donors satisfying the requirements of this instrument, the provisions of section ____________ of the code and regulations interpreting that section. The pooled fund shall not include property transferred under arrangements other than those specified in this instrument and satisfying the said provisions of the code and regulations.

5. TAX EXEMPT SECURITIES PROHIBITED. The property transferred to the pooled fund by any donor shall not include any securities, the income from which is exempt from tax under subtitle (A) of the code, and the University shall not accept for the pooled fund or invest any property of the pooled fund in any such securities.

6. CONTROL OF THE UNIVERSITY OVER THE FUND. The University may employ agents to assist it in the investment and reinvestment of the property constituting the pooled fund and in the administration of the pooled fund. But at all times the University shall act as trustee of the pooled fund and shall exercise control over the pooled fund.

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[1]This is the Master Agreement and therefore legally cannot be deviated from.

7. THE UNIVERSITY IS SOLE TRUSTEE. The University shall be the sole trustee of the pooled fund and no donor of property to the fund or individual beneficiary of the fund may ever serve as a trustee of the pooled fund.

8. TAXABLE YEAR. The taxable year of the pooled fund shall be the fiscal year period beginning on July 1 and ending on June 30. The first taxable year of the pooled fund shall begin on the effective date of this trust.

9. VALUATION. The fair market value of all the property in the pooled fund shall be determined on the first day of the first taxable year and on the following dates in each taxable year: September 30, December 31, March 31 and June 30. In computing the fair market value of the assets of the pooled fund there shall be taken into account all accrued assets and liabilities, and there shall be excluded any undistributed income earned by or accrued to the pooled fund on a valuation date. Determinations of the fair market value of the assets of the pooled fund shall be consistent with customary fiduciary accounting practices, but in the case of any conflict statutes, regulations, and rulings applicable to pooled income funds shall prevail over customary fiduciary accounting practices.

10. PARTICIPATION UNITS. On a transfer of property by a donor to the pooled fund one or more units of participation shall be assigned to the income interest or interests retained or created by the donor. The number of participation units shall be determined by dividing the fair market value of the property transferred by the fair market value of a participation unit in the fund at the time of such transfer. The fair market value of a participation unit in the fund at the time of such transfer shall be determined by dividing the fair market value of all property in the pooled fund at the time of the transfer by the number of units of participation then outstanding. The initial fair market value of a unit of participation in the pooled fund shall be determined by assigning units of participation to the fair market value of the property initially transferred to the pooled fund.

For a transfer by a donor to the pooled fund on a date other than a valuation date the fair market value of the property in the pooled fund at the time of such transfer shall be the average of the fair market values of the property in the pooled fund on the valuation dates next preceding and next succeeding the date of transfer. In determining the average, any property transferred to the pooled fund between such dates shall be excluded.

11. ALLOCATION AND PAYMENT OF INCOME. Every income beneficiary shall be assigned a proportionate share of the annual income earned by the pooled fund based upon the number of units of participation assigned to the beneficiary's interest in the pooled fund. The share of income allocated to each unit of participation shall be determined by dividing the income of the pooled fund for the taxable year by the outstanding number of units of participation at the end of such year, provided however that income shall be allocated to participation units outstanding during only part of the year based upon the period of time within the year such units are outstanding. The University shall pay all income assigned to such units of participation for the taxable year at convenient intervals but in no event later than 64 days after the close of the taxable year. The University shall not be obligated to prorate periodic income payments between the estate of a deceased beneficiary and a surviving beneficiary or beneficiaries. The income interest of any beneficiary shall terminate with the regular periodic income payment next preceding the date of such beneficiary's death.

12. WITHDRAWAL OF PROPERTY FROM FUND. Upon the termination of an income interest in the pooled fund the University shall sever and withdraw from the pooled fund (in cash, in kind, or partly in each) an amount equal to the value of the property upon which such income interest was based. The value of the property withdrawn shall be its value as of the valuation date next succeeding the date of the termination of the income interest.

13. DEFINITION OF INCOME. For the purpose of this trust the term "income" has the same meaning as it does under section ______________ of the code and regulations thereunder. The term "income" shall mean net income after payment of any expenses for administering the trust. Such expenses shall include reasonable investment, management, custodian and like fees, but not trustee's fees. The following shall be treated as principal and not as "income":

a. Gains and losses from the sale, exchange redemption or other disposition of investments;

b. Stock dividends, stock splits or similar distributions;

c. Capital gain dividends of regulated investment companies (mutual funds);

d. Liquidating distributions;

e. Any other dividends or distributions not deemed taxable as income under the code.

If interest bearing securities are acquired at a premium over par or other stated value, the premiums shall be amortized from income so as to restore the premium to principal.

14. TRUSTEES' POWERS. In addition to all other powers conferred on it by law and subject to paragraphs ________, the University in the administration of this trust shall have the following powers:

1. To retain indefinitely any investments and to invest and to reinvest in stocks, shares and obligations of corporations, of unincorporated associations or trusts and of investment companies or in any other kind of income producing personal or real property, notwithstanding the fact that any or all of the investments made or retained are of a character or size which but for this express authority would not be considered proper for trustees;

2. To sell, exchange, lease and make contracts concerning the trust property; to give options therefor; to execute deeds, transfers, leases and other instruments of any kind;

3. To hold bonds, shares or other securities in bearer form or in the name of the University or in the name of a nominee without indication of any fiduciary capacity;

4. To give general or special proxies or powers of attorney for voting or acting in respect of shares or securities which may be discretionary and with power of substitution; to deposit shares or securities with or transfer them to protective committees or similar bodies; to join in any reorganization; and to pay assessments or subscriptions called for in connection with shares or securities held by the University;

5. To employ investment counsel, custodians of trust property, brokers, agents and attorneys;

6. To receive additions to the trust hereunder and to administer the same under the provisions hereof.

15. GOVERNING LAW. By executing this instrument the University intends to qualify the trust as a pooled income fund within the meaning of section _______________ of the code and regulations pursuant thereto. The provisions hereof shall be interpreted in accordance with the regulations and rulings promulgated by the Internal Revenue Service with respect to such funds and contributions to them. Otherwise this instrument shall be governed by the laws of the Commonwealth of Kentucky and its terms are made expressly subject to the provisions of sections ____.

16. PURPOSE. The purpose of this trust is to create financial reserves for the University while at the same time affording reasonable returns to individual donors and their designated beneficiaries. In order to serve the purpose of this trust the University shall establish and maintain policies from time to time setting forth the minimum ages and number of lives of individual beneficiaries and the minimum amounts which may be donated for gifts to the pooled fund.

17. LIMITED POWER TO AMEND. The University shall have the power acting alone to amend this instrument in any manner necessary for the sole purpose of insuring that this trust shall qualify as a pooled income fund within the meaning of section ____________________________ of the code and regulations issued pursuant thereto.

In witness thereof the University has caused these presents to be executed by its duly authorized officer this ______________ day of ________________, 19__.

THE BOARD OF REGENTS OF
WESTERN KENTUCKY UNIVERSITY

by____________________________
Vice President for
Business Affairs

SCHEDULE B

INSTRUMENT FOR TRANSFER OF PROPERTY

WESTERN KENTUCKY UNIVERSITY

POOLED INCOME TRUST FUND

(Income Reserved to Donor for Life)

1. The undersigned Donor hereby irrevocably transfers to the Board of Regents of Western Kentucky University, a public corporation under the laws of the Commonwealth of Kentucky, herein referred to as the University, as trustee, the following described property:

2. The University shall hold such property pursuant to the provisions of the Western Kentucky University Pooled Income Trust Fund, established by declaration of trust dated __________________, 19___, the applicable terms of which declaration of trust are hereby incorporated by reference and made a part hereof.

3. The Donor hereby retains for himself for and during his lifetime an income interest in the pooled income trust fund.

4. Upon termination of the income interest specified in paragraph 3 above, the remainder interest shall be transferred from the pooled fund to the University free of this trust.

Dated this ____________ day of ______________________________, 19____.

____
Donor

BOARD OF REGENTS OF
WESTERN KENTUCKY UNIVERSITY, TRUSTEE

by____________________________________
Vice President for
Business Affairs

SCHEDULE B

INSTRUMENT FOR TRANSFER OF PROPERTY

TO WESTERN KENTUCKY UNIVERSITY

POOLED INCOME TRUST FUND

(Income Reserved For the Donor and Another)

1. The undersigned Donor hereby irrevocably transfers to the Board of Regents of Western Kentucky University, a public corporation under the laws of the Commonwealth of Kentucky, herein referred to as the University, as trustee, the following described property:

2. The University shall hold such property pursuant to the provisions of the Western Kentucky University Pooled Income Trust Fund, established by declaration of trust dated ________________________, 19____, the applicable terms of which declaration of trust are hereby incorporated by reference and made a part thereof.

3. The Donor hereby retains for himself for and during his lifetime an income interest in the pooled income trust fund. On the death of the Donor, the Donor's income interest in the pooled income trust fund shall be paid to ______________________________ for his or her lifetime.

(In the event the Donor is not a beneficiary or income interests are to be enjoyed concurrently or concurrently and consecutively, the wording of this paragraph must be modified in an appropriate manner.)

4. The Donor reserves the right to revoke by his will the interest of any person designated in paragraph (3) above, any such revocation to be effective on the Donor's death. In the event of any such revocation, the next succeeding interest in the trust as described in this instrument shall vest immediately.

5. Upon the termination of the income interest(s) specified in paragraph 3 above, the remainder interest shall be transferred from the pooled fund to the University free of this trust.

Dated this ______________________________ day of ____________, 19___.

____
Donor

BOARD OF REGENTS OF WESTERN
KENTUCKY UNIVERSITY, TRUSTEE

by____
Vice President for
Business Affairs

DEFERRED GIFTS

Often alumni and friends of Western Kentucky University would like to make substantial gifts to the University while they are still living, but, because they have many demands on their income, they are reluctant to part with all control of the property. For such individuals, the deferred gift may be the solution. Under such a gift the individual transfers cash, securities or property (revocably or irrevocably) to the University. The University invests the assets transferred and pays the donor, or whomever he designates, periodic payments for life. When the beneficiary or beneficiaries dies/die, the University receives the assets and uses them for either general purposes or for a purpose specified by the donor in the trust document.

The advantages of such arrangements are: (1) the donor can make a substantial commitment to the University and at the same time insure an income for life to himself or his loved ones, (2) the assets of the trust are invested at very little cost to the donor by professional managers employed by the University, (3) there is no charge made by the University for collecting and distributing payments on behalf of the beneficiaries, (4) appreciated securities on which the individual realizes little or no current income may be exchanged for income producing investments without incurring a tax on realized capital gain, (5) substantial income tax deductions result at the time the trust is established.

There are three basic deferred (split-interest) gift arrangements that qualify for a charitable deduction under the federal revenue laws--Pooled Income Funds, Unitrusts, and Annuity Trusts. These are described in more detail on the following pages.

UNITRUSTS

A Unitrust is a trust which provides for a return to the donor or other beneficiary based on a fixed percentage of the fair market value of the assets of the trusts as determined annually. This percentage return cannot, by law, be less than 5 percent.

Inasmuch as the return from the trust is based on a percentage of the value of the trust determined annually, the amounts paid from the trust may vary from year to year.

For example, if trust assets are invested in growth oriented common stocks which pay little or no dividends, (for example 2 percent of market value) the beneficiary would still be assured of a return of at least 5 percent of the market value of the trust.

In this case, 3 percent of the market value of the trust would have to be paid from realized capital gains. In the event that both dividends and realized capital gains do not yield the required 5 percent, the difference would have to be made up by a return of principal. Unitrusts for amounts greater than 5 percent may also be written.

Unitrust assets are separately invested by the University and not commingled with other trusts. Therefore, the trust assets may be invested to conform to an individual's particular investment needs. For example, a particular trust objective may be current income. Therefore, trust assets would be invested in high yield corporate bonds and preferred stocks. Another donor may desire capital gains. In this case, the trust assets would be invested in growth stocks paying little or no current dividends. A balanced investment trust which includes common stocks, preferred stock and corporate bonds may also be the objective designated by the donor.

An alternative Unitrust method is also permitted under current tax laws. If the donor agrees, the trust may specifically state that payments to the donor will be made out of earned income only. This approach insures that no payments will ever be made out of principal and thus the assets will be fully preserved for the University. Under this option, it is required that if the income earned by the trust, (dividends, interest, rents, etc.) in any year is less than the specific percentage, the trust will pay the income earned only; if in subsequent years the trust earns more than the specified percentage, the trust is required to pay out the income not paid in former years to the extent of the deficiency.

Additional gifts may be added to the Unitrust at any future date.

There are advantages to the Unitrust in addition to those associated with all life income gifts. Because the annual payments of the Unitrust reflect increases in the value of the trust assets, a Unitrust is an excellent hedge against inflation. The investment objectives of a Unitrust can also be tailormade to meet the needs of an individual donor.

The minimum amount required to establish a Unitrust is $25,000, either given initially or through subsequent payments. There may be no more than two beneficiaries named in the trust, and they both must be 50 years of age or older. An example of a unitrust agreement is presented on the following pages.

ANNUITY TRUSTS

Annuity trusts are similar to unitrusts except the annual return to the donor is a fixed dollar amount which never varies from year to year. The specified dollar amount must be a minimum of 5 percent of the initial sum transferred to the trust. This dollar amount should be set with some consideration for the potential earnings of the trust. If the trust does not earn enough to pay the required dollar amount, the difference is made up from the principal of the trust. If the assets of the trust are ultimately consumed through the payment of the fixed dollar amount, the University has no obligation to make any further payment. Because of this provision, it is important that a level of income payments be set which assures the preservation of the principal of the trust.

Like the unitrust, annuity trust assets are invested separately and investment objectives may be tailored to an individual's needs.

The minimum amount required to establish an Annuity Trust is $25,000, given initially. (Regulations provide that no additional contributions may be made to an Annuity trust although more than one trust may be established.) There may be no more than two beneficiaries named in the trust and they both must be 50 years of age or older.

POOLED INCOME FUNDS

A gift to the University may be designated for investment in the Western Kentucky University Pooled Income Trust Fund. The gift is commingled with similar funds for investment purposes and income is paid to participants of the fund in proportion to the share of the fund owned by each donor.[1] Upon the death of the beneficiary named by the donor, the principal becomes available for use by Western Kentucky University.

The Pooled Income Trust Fund is administered similarly to a mutual fund. Upon transfer of property of a donor, the fair market value of the pooled fund is determined and divided by the number of units outstanding in the fund, to obtain the value of a single unit. The value of the donor's gift is divided by the value of the single unit, thus determining the number of units to be assigned the new donor.

Annually, the amount of income earned by the fund is divided by the number of units in the fund and allocated to the income beneficiaries on the basis of the number of units assigned to each beneficiary.

Pooled Income Trust Fund assets are invested with a view to balancing the need for income and growth. Normally, approximately 50 percent of the fund will be invested in common stocks and the balance in preferred stocks and bonds. Capital gains realized by the fund are reinvested to secure additional income for the fund participants.

Although the University cannot guarantee a specific level of return for the fund, it is anticipated that the fund will yield at least five percent annually.

Additional gifts may be added to the Pooled Income Trust Fund at any future valuation date.

The Pooled Income Trust Fund is designed to consolidate smaller gifts into one investment program, thus reaping the benefits of a larger investment trust. No minimum amount or age level is absolutely required to participate in the fund, but because of the expenses to the University in collecting and distributing income, it is recommended that the initial gift be not less than $5,000. It is also recommended that life income beneficiaries be at least fifty years of age.

The University normally accepts gifts to the fund on September 30, December 31, March 31 and June 30 of each year. Income from the fund will be distributed at intervals convenient for the donor but in no event later than 64 days after the close of the taxable year.[1] (See attached pages for sample forms.)

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[1]For a transfer by a donor to the pooled fund on a date other than the listed valuation dates, the prorated share of the property transferred shall be an average of the fair market value of the property on the valuation date next preceding and next succeeding the date of transfer.

LIST OF INTERVIEWEES

Board of Regents

John David Cole
Joe Bill Campbell
Bill Buckman
Ronald Clark
Tom Emberton
Joe Iracane
Mike Harreld
**Hugh Poland
Ronald Sheffer

Presidents Emeritus

Kelly Thompson
Dero G. Downing

Executive Staff

Bill Bivin
Paul Cook
Randall Capps
Harry Largen
Jim Davis
John Minton

On-campus Interviews - Deans, Directors, Others

Charles Anderson
Ron Beck
Laurence Boucher
Carl Chelf
Glenn Crumb
Dee Gibson
Elmer Gray
Henry Hardin
Fred Hensley
Bill Hourigan
Charles Keown
Bill Lloyd
David Mefford
Bob Mounce
Bob Nelson
Regis O'Connor
John Oldham
Gary Ransdell
Lee Robertson
J. T. Sandefur
A. J. Thurman
Tom Updike
Jerry Wilder

Alumni and Friends

Ralph Buchanan
O. V. Clark
Joe Cook
Dan Davis
Mark Eastin
John Hines
Harold Huffman
John Grider
Rhea Lazarus
Jerry Martin
Harold McGuffey
Jo "Top" Orendorf
**Harry Peart
Bill Pegues
**Jim Scott
Herb Smith
Wes Strader

**W. S. Moss (former Regent)